



U.S. Department of Energy  
Office of Inspector General  
Office of Inspections and Special Inquiries

# Inspection Report

## Controls Over Ammunition Within the Office of Secure Transportation

**INS-O-07-02**

**July 2007**



**Department of Energy**  
Washington, DC 20585

July 13, 2007

MEMORANDUM FOR THE ASSISTANT DEPUTY ADMINISTRATOR  
FOR SECURE TRANSPORTATION

FROM: Christopher S. Sharpley  
Deputy Inspector General  
For Inspections and Investigations

SUBJECT: INFORMATION: Inspection Report on "Controls Over Ammunition  
Within the Office of Secure Transportation"

BACKGROUND

The mission of the National Nuclear Security Administration's (NNSA's) Office of Secure Transportation (OST) includes the safe and secure transportation of nuclear weapons, weapon components, and special nuclear material. OST performs its mission through the use of a paramilitary force of approximately 350 Federal Agents. In December 2005, OST provided training on a new rifle at a private firing range in Texas. The Office of Inspector General received allegations regarding internal control weaknesses concerning the accountability and transportation of ammunition associated with this training exercise. Specifically, it was alleged that an officer from OST's command in Oak Ridge, Tennessee, had taken 3,400 rounds of ammunition from the exercise without proper authorization and that this ammunition had been transported on board NNSA aircraft without being declared.

We initiated an inspection to review the facts and circumstances of the allegations. We note that an OST Inquiry Team also initiated a review into the incident and subsequently expanded its review to examine controls over ammunition OST-wide.

RESULTS OF INSPECTION

Our inspection substantiated the allegations, and we concluded that OST did not have adequate internal controls over its ammunition. Specifically, we found that OST did not:

- Categorize and control ammunition as sensitive property, as required by Department policy;
- Follow requirements for requesting ammunition for activities other than organized, approved training and execute required documentation for the issuance and receipt of ammunition;
- Ensure that ammunition transported on board NNSA aircraft by OST personnel was declared, which DOE policy identifies as a serious safety violation;



- Ensure that ammunition in the possession of Federal Agents was properly controlled. For example, some Agents took the ammunition home instead of properly storing it at the command; and,
- Ensure the accountability of armor piercing ammunition. Some OST Federal Agents apparently attempted to conceal the fact that armor piercing rounds were lost, missing, or stolen by turning in regular ammunition rounds that had their tips colored black to look like armor piercing ammunition.

We note that OST's inquiries led to the conclusion that there were systemic ammunition accountability problems throughout OST. OST found that significant quantities of ammunition were missing, that there was gross negligence in the accounting and inventory of the issued ammunition, and that some personnel failed to safeguard their assigned ammunition. OST issued a number of recommendations and initiated associated corrective actions. Some of OST's specific findings related to and were consistent with certain of our findings.

Based upon the results of our review, we made several recommendations to management designed to enhance OST's internal controls over ammunition.

#### MANAGEMENT REACTION

In responding to a draft of this report, NNSA agreed with the report and the corresponding recommendations. NNSA identified corrective actions that have been taken. We will review the specific actions taken by management to ensure they adequately address all of our recommendations.

Attachment

cc: Acting Administrator, National Nuclear Security Administration  
Chief of Staff  
Director, Policy and Internal Controls Management (NA-66)  
Director, Office of Internal Review (CF-1.2)

# CONTROLS OVER AMMUNITION WITHIN THE OFFICE OF SECURE TRANSPORTATION

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# Overview

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## **INTRODUCTION AND OBJECTIVE**

The National Nuclear Security Administration's (NNSA's) Office of Secure Transportation (OST) conducts transportation missions supporting national security, including the safe and secure transportation of nuclear weapons, weapon components, and special nuclear material. OST is headquartered in Albuquerque, New Mexico, and has three commands, which are located in: Oak Ridge, Tennessee; Amarillo, Texas; and Albuquerque. OST performs its mission through the use of a paramilitary force of approximately 350 Federal Agents. These Agents are trained, equipped, and armed to prevent the theft, sabotage, or takeover of protected materials by unauthorized persons. In addition, NNSA has a fleet of aircraft housed on Kirtland Air Force Base in Albuquerque that supports the OST mission.

OST provides weapons training for its Federal Agents at firing ranges throughout the United States. In December 2005, OST provided training on the new SR-25 .308 caliber sniper rifle at a private firing range in Kingsville, Texas. The Office of Inspector General received allegations regarding internal control weaknesses concerning the accountability and transportation of ammunition associated with this training exercise. We were told that an officer from OST's Agent Operations Eastern Command (AOEC) in Oak Ridge had taken 3,400 rounds of ammunition from the exercise without proper authorization and that this ammunition had been transported on board NNSA aircraft without being declared.

We initiated an inspection to review the facts and circumstances of the allegations and to examine related internal controls over ammunition within OST. We note that an OST Inquiry Team also initiated a review into the incident and subsequently expanded its review to examine controls over ammunition OST-wide.

## **OBSERVATIONS AND CONCLUSIONS**

Our inspection substantiated the allegations, and we concluded that OST did not have adequate internal controls over its ammunition. Specifically, we found that OST did not:

- Categorize and control ammunition as sensitive property, as required by Department policy;
- Follow requirements for requesting ammunition for activities other than organized, approved training;
- Execute required documentation for the issuance and receipt of ammunition;

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- Ensure that ammunition transported on board NNSA aircraft by OST personnel was declared, which DOE policy identifies as a serious safety violation;
  - Ensure that ammunition in the possession of Federal Agents was properly controlled; and,
  - Ensure the accountability of armor piercing ammunition.

In September 2006, OST issued a report on its review of ammunition accountability, which incorporated an April 2006 report on AOEC's handling of the 3,400 rounds of ammunition. The OST report concluded that there were systemic ammunition accountability problems throughout OST. The report found that OST was missing significant quantities of ammunition, that there was gross negligence in the accounting and inventory of the issued ammunition, and that some personnel who were responsible for safeguarding their assigned ammunition failed to do so. The OST report contained several recommendations and corrective actions, to include changes to policy and operational procedures. Some of the specific findings in OST's report related to and were consistent with certain of the findings reported herein.

## Details of Findings

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### BACKGROUND

Department of Energy (DOE) Order 580.1, “Department of Energy Personal Property Management Program,” identifies the standards, practices, and performance expectations for the management of personal property owned by DOE. The Order applies to all DOE elements with personal property management responsibilities, including NNSA, and states that “a list of those items of personal property that are considered sensitive must be developed and maintained by each DOE element.” The Order goes on to state:

The list must consist of – items, regardless of value, that require special control and accountability because of susceptibility to unusual rates of loss, theft, or misuse or due to national security and export control considerations. Items include, but are not limited to, weapons, **ammunition** [emphasis added], explosives . . . .

Each facility must have written procedures for the management of sensitive items. The procedures are to include the use of memorandum receipts or custody documents at the time an item is assigned or when there is a change in custody. These procedures must also establish custodial responsibilities describing the requirements for appropriate physical and administrative controls, especially for items assigned for general use within an organization, and reporting changes in custody. A physical inventory of sensitive items is required to be conducted annually.

### SENSITIVE PROPERTY

We found that OST did not categorize and control ammunition as sensitive property, as required by DOE Order 580.1. OST’s “Standard Operating Procedures (T7) for Property Management” defines a sensitive item as “Personal property, regardless of value, which is susceptible to theft, appropriation for personal use, or is readily convertible to cash, and is specified in the sensitive items list (Tab 3, Annex J).” However, the sensitive items list at Tab 3 only includes “Firearms, Laptop/palmtop (pda) computers, Tape recorders, Cameras (still, digital, video), Night vision devices (NVDs), and TV/VCR combination units.”

While OST centrally controls those items it has designated as sensitive property, OST’s “Standard Operating Procedures (T5) for Munitions Management System,” which addresses the accountability of ammunition, does not require centralized control of ammunition. For example, OST sensitive items are required to be recorded and tracked in OST’s centralized property records system, and discrepancies during an annual inventory require an inventory reconciliation report that is reviewed, approved, and

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certified by the OST Property Management Officer. However, OST's standard operating procedures for ammunition management allow ammunition to be listed in separate databases maintained at each OST section, and annual inventory discrepancies are only reported to Section Chiefs or support contractor property managers.

As stated previously, OST's September 2006 report on ammunition found significant and systemic weaknesses in the control of OST ammunition. In addition, during a recent Office of Inspector General investigation, it was noted that an OST site that had established an "amnesty box" to promote the return of equipment had thousands of rounds of ammunition returned. We believe that, if OST controlled ammunition as a sensitive item, a number of OST's problems with ammunition controls could have been prevented or mitigated.

## **AMMUNITION REQUESTS**

We found that OST did not follow requirements for requesting ammunition for activities other than organized, approved training. OST's "Standard Operating Procedures (T5) for Munitions Management System" states that ammunition requested for use during other than organized, approved training requires prior written approval on SB Form 100, "TSD Ammunition/Pyrotechnic Issue Request," at least 24 hours prior to the required issue time. Authorizing signatures are required by the Chief, Training/Exercise Operations Section; an OST Support Branch logistic specialist; the Chief of the OST Support Branch; or an OST Section Chief.

Upon completion of the December 2005 training at the Kingsville, Texas, firing range, 3,400 of the 15,000 rounds of .308 caliber ammunition issued for the training were not expended. On December 9, 2005, an AOEC officer from Oak Ridge was allowed to take possession of the 3,400 rounds after only signing a "Munitions Bulk Issue and Return Form" that indicated the ammunition was for "Road Use." Contrary to OST policy, the SB Form 100 was not used and there was no evidence of approval of the transaction by the Chief, Training/Exercise Operations Section; an OST Support Branch logistic specialist; the Chief of the OST Support Branch; or an OST Section Chief.

## **AMMUNITION ISSUE AND RECEIPT**

We found that OST did not execute required documentation for the issuance and receipt of ammunition. As stated previously, DOE Order 580.1 requires the use of memorandum receipts or custody documents at the time an item is assigned or when there is a change in custody. The AOEC officer who took possession of the 3,400 rounds of .308 caliber ammunition on December 9, 2005, told us that he issued 200 rounds to each of 16 AOEC Federal

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Agents who participated in the training and retained the remaining 200 rounds. However, the Agents did not sign receipts for the ammunition, nor was there a record of change in custody. In addition, AOEC's local "Ammunition Accounting Standard Operating Procedures" states that each Federal Agent will sign a consolidated "AOEC OSB-69 form" to record all assigned ammunition, but this also was not done. This finding and the previous finding were consistent with a general finding in the OST report that the ammunition was drawn and issued for road use contrary to applicable procedures and policies.

## **TRANSPORTATION OF AMMUNITION**

We found that OST did not ensure that ammunition transported on board NNSA aircraft by OST personnel was declared, which DOE policy identifies as a serious safety violation. NNSA's "OST-AVN-140.0, TRANSPORT OF HAZARDOUS MATERIALS MANUAL," requires the declaration of ammunition carried on board NNSA aircraft. Appendix C contains the NNSA, Office of Transportation Safeguards, Shippers Declaration for Dangerous Goods (Example), which states that:

This form declares that certain hazardous materials will accompany NNSA Nuclear Couriers, in the form of ammunition, smoke grenades, flares and explosive rounds in the performance of their mission.

The Shippers Declaration also states that:

Failure to comply in all respects with the applicable Regulations, DOE and Sandia National Laboratories Packaging Procedures and NNSA Aviation Safety rules is a serious safety violation.

The Shippers Declaration concludes with a statement, which is to be signed by the NNSA Office of Secure Transportation senior onsite official, that:

I hereby declare that the contents of this consignment are fully and accurately described above by the proper shipping name, and are properly packaged for shipment aboard a U.S. Government aircraft in compliance with NNSA Office of Secure Transportation policy.

On December 10, 2005, an NNSA DC-9 was used to transport the AOEC officer and 16 other AOEC Federal Agents from Corpus Christi, Texas, to Knoxville, Tennessee. We were told that they

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carried back the 3,400 rounds of .308 caliber ammunition with their personal gear and weapons. We determined, though, that the 3,400 rounds were not declared. The AOEC officer acknowledged to us that he had made a mistake by not declaring the ammunition. This finding was consistent with an OST Inquiry Team finding, although the OST report did not identify that this was a serious safety violation.

## **CONTROL OF AMMUNITION**

We found that OST did not ensure that ammunition in the possession of Federal Agents was properly controlled. OST's "Standard Operating Procedures (T7) for Property Management" requires that ammunition be accounted for and controlled by the "holding entity." However, after the AOEC officer and the 16 other Federal Agents took possession of the .308 caliber ammunition, they failed to report the acquisition of this ammunition or turn the ammunition in to the designated official within the holding entity in a timely manner. This ammunition, which had not been approved by OST management for road use, was outside the control and accountability of OST for 45 days, until most of it was turned in by January 23, 2006.

In addition, the Federal Agents failed to store the ammunition in the manner required by "Standard Operating Procedures (T5) for Munitions Management System." It states that ". . . with the exception of munitions issued to support training scenarios which can be temporarily stored in 'ready use' lockers, all munitions assigned to OST will be stored in OST munitions storage areas." We were told that during the period from December 9, 2005, to January 23, 2006, some of this ammunition was stored at Agents' private residences and some was kept in their lockers at the Oak Ridge command.

Further, although a Munitions Issue Form executed on January 23, 2006, reflected that 3,400 rounds of ammunition were turned in to the OST armory, a subsequent inventory by the OST Inquiry Team determined that some of the 3,400 rounds were missing. We were told that some of the ammunition was not returned in its original packaging. For example, some rounds were loose in plastic bags. In addition, we were told that some of the ammunition turned in was not the same as issued—it was a different manufacturer or type or was corroded (indicating aged ammunition). We were told that, as of March 2007, a total of 119 rounds were still missing.

We noted that OST's report of inquiry had similar findings, although the extended period of time over which these conditions existed (45 days) was not specifically identified, nor was it specifically identified that some of the ammunition was stored at Agents' residences.

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## ARMOR PIERCING AMMUNITION

We found that OST did not ensure the control and accountability of armor piercing ammunition, with some OST Federal Agents apparently attempting to conceal the fact that armor piercing rounds were lost, missing, or stolen.

On at least two occasions, OST has had inventory shortages of armor piercing ammunition. It appears that Agents attempted to cover this up by substituting ammunition altered to look like armor piercing rounds. In April 2006, during a 100 percent inventory of ammunition at the AOEC, OST identified two rounds of ammunition that had the tips colored black to make them appear to be armor piercing rounds. These rounds had been turned in by an unknown Federal Agent as part of the armor piercing ammunition he had been issued for mission purposes. This incident was not addressed in OST's September 2006 report, but the report did identify a similar situation at the Agent Operations Central Command, where 27 rounds of 5.56 mm ball were found colored black on their tips to give the appearance of armor piercing rounds. The perpetrator was not identified.

DOE policy considers armor piercing ammunition to be "specialty rounds," which require special reporting when they are determined to be lost, missing, or stolen. DOE M 470.4-3, "Protective Force," which applies to NNSA, states that:

After conducting a preliminary inquiry involving an indication of an unaccounted for, missing, or stolen firearm, a significant quantity of ammunition (in excess of 100 rounds), or any amount of pyrotechnics, explosives; 40 mm, .50 caliber AP [armor piercing], **or any other specialty rounds** [emphasis added]; PF [protective force] management must immediately report such a shortage to the DOE cognizant security authority, who must report to the Office of Security within 24 hours. The DOE cognizant security authority must then prepare and transmit an Incident of Security Concern (see DOE M 470.4-1).

We determined that the 27 rounds of 5.56 mm ball were reported in a September 2006 OST "Report of Security Incident/Infraction." However, we did not find any evidence that the two missing rounds from April 2006 were reported in accordance with DOE M 470.4-3. In neither case was there any indication that action was taken against any Agent for attempting to conceal the missing specialty rounds. We noted that OST's procedures did not include examining ammunition as Agents turned it in to ensure it was what it was supposed to be.

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**RECOMMENDATIONS**

We recommend that the Assistant Deputy Administrator for Secure Transportation ensures that:

1. OST policies and procedures identify ammunition as sensitive property, as required by DOE Order 580.1.
2. Requirements for requesting ammunition for activities other than organized, approved training are followed.
3. Documentation for the issuance and receipt of ammunition is prepared and maintained as required by DOE and OST policy.
4. Ammunition transported on board NNSA aircraft is declared, as required, to avoid future serious safety violations.
5. Ammunition in possession of Federal Agents is properly controlled and stored.
6. All armor piercing ammunition is properly controlled and accounted for, that all missing armor piercing rounds are appropriately reported, and that appropriate action is taken against any Federal Agent who attempts to conceal that armor piercing rounds are missing.

**MANAGEMENT  
AND INSPECTOR  
COMMENTS**

In comments on a draft of this report, NNSA agreed with the report and the corresponding recommendations. NNSA identified corrective actions that have been taken. We will review the specific actions taken by management to ensure they adequately address all of our recommendations. NNSA's comments are included in their entirety at Appendix B.

## Appendix A

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### **SCOPE AND METHODOLOGY**

The majority of the fieldwork for this inspection was conducted from March through December 2006. The inspection included reviewing the process used by OST to control, account for, and transport ammunition. The inspection also included:

- Review of ammunition issue and receipt documentation;
- Review of ammunition accountability records;
- Review of OST ammunition transportation criteria;
- Review of DOE directives on ammunition; and,
- Interviews of OST officials and Federal Agents.

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.

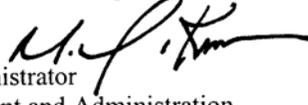


**Department of Energy**  
**National Nuclear Security Administration**  
Washington, DC 20585



June 20, 2007

MEMORANDUM FOR Christopher R. Sharpley  
Deputy Inspector General  
for Investigations and Inspections

FROM: Michael C. Kane   
Associate Administrator  
for Management and Administration

SUBJECT: Comments to Draft Report on Ammunition  
Controls at OST; S06IS018/2007-02269

The National Nuclear Security Administration (NNSA) appreciates the opportunity to review the Inspector General's (IG) draft report, "Controls over Ammunition within the Office of Secure Transportation." We understand that the IG received an allegation that a Federal Agent had taken 3,400 rounds of ammunition from an exercise area without proper authorization and that the ammunition was transported aboard NNSA aircraft without having been declared.

While the IG substantiated the allegations, NNSA appreciates that the IG acknowledges the fact that the Office of Secure Transportation (OST) initiated its own "Incident of Security Concern Inquiry" related to the ammunition. The draft report validates the work that OST accomplished in its own identification of the deficiencies mentioned in the report. By the time all of the IG's field work was completed, OST had completed corrective measures or implemented the corrective actions necessary. Therefore, NNSA agrees with the report and the corresponding recommendations. OST has:

- Updated and implemented policies and procedures related to ammunition as sensitive property
- Completed a full inventory of ammunition
- Disciplined/sensitized individuals as to their responsibilities
- Trained those individuals responsible for munitions accountability

Should you have any questions related to this response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

cc: Craig Tucker, Associate Deputy Administrator  
for Secure Transportation  
David Boyd, Senior Procurement Executive  
Karen Boardman, Director, Service Center



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3. What format, stylistic, or organizational changes might have made this report's overall message clearer to the reader?
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